



Ombudsman

Def: 1. A person retained by an organization to objectively, impartially and fairly resolve concerns and grievances against it in a timely and effective manner.

2. Judge Stanley Sporkin (Ret.).

2006 Ombudsman Program

1-888-776-7545
www.ombudsmanecp.com

2006 Annual Report BP America

Office of the Ombudsman

Judge Stanley Sporkin (Ret.)

BP establishes an independent Ombudsman Program

In August of 2006 BP announced that it would shut down portions of Alaska's North Slope oil transportation system because corrosion had been found in some of the transit lines at the Prudhoe Bay facilities. This event, combined with a series of other situations throughout BP America, prompted a global response by the energy company. As an element of this effort, the Chairman of BP America, Bob Malone, established the Ombudsman Program based on his recognition that BP's workers are among the best sources of information about BP facilities.

The purpose of the Ombudsman Program is to ensure that BP America employees and contractors have an independent avenue through which they can raise concerns. A key goal of the program is to address and resolve concerns involving safety and environmental issues in a timely, effective and fair manner. Other issues are received and addressed as well. When requested by concerned individuals, the program is also confidential so that workers need not fear any retaliation within the organization.

An additional feature of the program is the ability of senior managers to refer issues for independent investigation. This independent investigation function is unique to BP's Ombudsman Program, and assists BP America in ensuring safe as well as ethical, fair and effective operations.

The Ombudsman Program is the most recent of several programs BP America has in place for employees and contractors to raise concerns. It is the only program that is independent of BP line management. It compliments the other programs already in place, such as Open Talk and the BP Health, Safety and Environment committees active throughout BP America.

Ombudsman selected by BP America Chairman

Bob Malone's first and only choice to serve as Ombudsman was Judge Stanley Sporkin (Ret.). After meeting with Malone in August, Judge Sporkin agreed to resign from his partnership in the law firm of Weil, Gotshal and Manges in order to take the position, in which he reports directly to Bob Malone. Judge Sporkin brings a commitment to integrity, independence, and transparency to the position of Ombudsman. Judge Sporkin believes his role is to impartially

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listen, investigate and respond fairly to concerns from employees and contractors of BP in the United States.

Ombudsman Program Organization

The program is run by Judge Sporkin who works closely with BP compliance and safety officials. He works with Ombudsman Program staff to ensure that the program is carried out within the framework of BP's Code of Conduct and corporate policies while remaining independent.

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In the months since Judge Sporkin's selection, the office has been established, staff hired, policies set in place, and outreach begun within the BP America workforce. The offices are located in Washington, D.C., and currently house a dedicated staff of investigators and "hotline" responders who are trained to listen and assist callers with their safety related concerns, and investigate those concerns when necessary.

Program Principles

The Ombudsman Program is dedicated to resolving employee concerns in the most expeditious and timely manner consistent with the needs of the person raising the concern as well as fairness to all concerned.

The Ombudsman Program honors confidentiality and anonymity to the fullest extent possible; with recognition that in some limited cases complete confidentiality may not be possible due to the requirements for conducting an investigation, or a legal obligation. Ombudsman Program staff will inform and advise the concerned worker if that is the case.

The Program has a "Duty to Act" if a concern is of an imminent safety or criminal matter. In that circumstance, the Ombudsman may initiate whatever action is necessary to mitigate the situation.

Such issues include:

- Allegations of imminent safety or environmental issues.
- Alleged violations of the law or the BP Code of Conduct that would result in serious harm to individuals or the company or significant civil or criminal penalties.

- Allegations against a BP Group Leader (senior manager).
- Allegations that could undermine the effectiveness of BP's Compliance & Ethics Program.
- Allegations of retaliation for raising a good faith concern or question about the code of conduct or compliance and ethics issues.

Process for Ombudsman Program Actions

The Ombudsman acts as an advocate for the timely and effective resolution of employee concerns, many of which are received through calls to a hot-line which operates twenty-four hours per day, seven days per week. These concerns are usually resolved in one of three ways: rapid resolution, intervention, and investigation. Employee concerns resolved through rapid resolution are usually straight forward situations that can be resolved through line management. Intervention describes a process whereby the Ombudsman staff serves as the worker's advocate within line management to resolve the issue. An investigation is more timely and complex, and includes an analysis of the issues, information gathering, and interviews. Investigations are conducted in an ethical, fair and lawful manner with careful consideration given to protecting an individual's privacy interests.

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2006 in review

The Office of the Ombudsman was established in August 2006. Judge Sporkin's appointment to the role of Ombudsman was met with media interest, and articles appeared in many national and international media. In September, investigators were hired and call center staff were brought on board.

In October, Judge Sporkin testified before the Alaska Legislature regarding the Ombudsman Program and its long term objectives. He spoke about the fact that many of the issues involve labor management and contracting matters that included "the common ingredient of presenting safety concerns."

In November, Judge Sporkin was featured in the BP magazine Horizon, and the Ombudsman web site was brought on-line. The volume of calls increased as more employees and contractors became aware of the program. By early December communication materials were distributed throughout BP facilities in the United States.

Summary of cases

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• Through December 31, 2006 the Ombudsman Program received between 40 and 50 calls on the 800 hotline. Twenty- two calls raised substantive issues. The rest of the callers asked questions about the program and Judge Sporkin. Of the 22 intakes handled in 2006, 11 remained open at year-end. Out of the 11 closed concerns, 9 concerns were substantiated, one is undetermined, and one was unsubstantiated. Investigations were conducted on two of the concerns. The remaining concerns were handled either through Rapid Resolution or Intervention. Five callers requested anonymity.

The substantive issues raised have fallen into the following categories:

- Harassment/Intimidation/Retaliation/Discrimination (HIRD) – 4
- Safety – 6
- Human Resources (HR) – 4
- Leadership – 2
- Environmental – 1
- Material Condition – 1
- Other – 4

Substantive calls were received from the following Locations of Issues:

- Greater Prudhoe Bay – 10 concerns
- Houston, TX – 4 concerns
- Naperville, IL – 2 concerns
- Texas City, TX – 2 concerns
- Loraine, OH – 1 concern
- Cantera, IL – 1 concern
- Midwest to West (CI did not give specific location) – 1 concern
- Reno, NV – 1 concern

2006 Results

Respecting confidentiality is of the utmost importance to the staff at The Ombudsman Program. Little can be revealed about the issues raised or the investigations conducted out of concern for maintaining confidentiality. While few details of the cases can be discussed, the program did achieve significant results in 2006. The following five examples demonstrate results achieved or

actions underway by the Ombudsman Program.

Texas

- This fall an anonymous caller expressed concern about schedule and budget pressures within a project. After intervention by Judge Sporkin and his staff, specific areas of concern were reviewed and were resolved. The project was able to proceed with modifications to some of the current practices. The lessons learned from this experience are being evaluated and implemented by BP teams with the assistance of The Ombudsman Program.

Alaska

- One significant investigation involved concerns about the integrity of BP's investigation of and reporting about a valve failure and produced-water spill that occurred on the North Slope in December of 2004. Ombudsman staff interviewed more than 30 witnesses and thoroughly reviewed the records and evidence associated with the failed valve. While the allegations were not substantiated, the investigation resulted in a number of recommendations for BP to change practices for safety and integrity.

- On the North Slope, the Ombudsman staff intervened following a concern raised about equipment that was operating outside of recommended conditions. The equipment in question was scheduled for maintenance in the first half of 2007. Ombudsman office recommended that maintenance on the equipment be moved up to December 2006. The recommendation was followed and the equipment has been repaired and placed back in service.

- In some cases, The Ombudsman Program monitors management actions and progress toward timely and effective solutions to safety issues and worker concerns. Staff is currently serving as a monitor to two situations in Alaska. The first involves concerns over excessive overtime. Because of a shortage of staff, some workers are being asked to work 18 hour days for extended periods of time. The Ombudsman Program recommended a change in practice because of concerns about worker exhaustion. The change is being implemented by BP.

- A second situation that is being monitored involves consolidation of the control rooms on the North Slope. The field was originally designed so that valves and other equipment were under local control. Control rooms were scattered across the North Slope facilities near valves and other equipment,

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and also near potentially hazardous situations. Enhanced technology now allows remote control of field operations, from a central control room located at the Base Operations Camp. The gathering centers are capable of serving as central control facilities, and plans were underway to move all controls to these central locations. Those plans were tabled because of worker complaints about learning new technology, but now an independent risk assessment recommends moving to central control for safety reasons.

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2007 A Look Ahead

The Ombudsman Program anticipates increased call volume to the 800 hotline as more BP employees and contractors are made aware of the program. Judge Sporkin looks forward to continuing to assist BP and its employees and contractors in their efforts to provide a safe and effective workplace.

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